

Message Text

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FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC NIACT IMMEDIATE 1020

INFO AMEMBASSY BEIRUT

AMEMBASSY ATHENS

C O N F I D E N T I A L DAMASCUS 1404

ATHENS FOR RCAA DWOR

E.O. 11652: GDS

TAGS: BEXP, SY, US

SUBJECT: SYRIAN ARAB AIRLINES ACQUISITION DECISION

1. SUMMARY: LOCKHEED REPRESENTATIVE, GEORGE LOMBARD, INFORMED ME MORNING JULY 13 THAT SYRIAN ARAB AIRLINES APPEARS ON VERGE OF PURCHASE OF FRENCH AIRBUS AND ASKED AGAIN FOR OFFICIAL USG INTERVENTION ON BEHALF LOCKHEED. I INFORMED HIM THAT IN VIEW OF INFORMATION PRESENTLY AVAILABLE TO EMBASSY IT APPEARS THAT POLITICAL FACTORS ARE NOT PLAYING DOMINANT ROLE BUT THAT I WOULD MAKE EMBASSY PRESENTATION TO FOREIGN MINISTRY ON BEHALF OF LOCKHEED LATER SAME DAY. LOMBARD SEEMS PLEASED WITH THIS BUT INDICATED THAT LOCKHEED WOULD BE SEEKING DEPARTMENT'S APPROVAL FOR MORE "OFFICIAL USG INTERVENTION." AT PRESENT TIME I DO NOT THINK THERE IS MUCH ELSE THAT CAN BE DONE HERE BUT I WILL CONTINUE TO FOLLOW MATTER CLOSELY. END SUMMARY

2. LOCKHEED REPRESENTATIVE GEORGE LOMBARD CALLED ON ME EARLY THIS MORNING (JULY 13) TO STATE THAT THEIR SYRIAN REPRESENTATIVE BELIEVES THE SYRIAN ARAB AIRLINES PURCHASE COMMITTEE IS LEANING IN FAVOR OF THE FRENCH AIRBUS RATHER THAN THE LOCKHEED TRISTAR. ACCORDING TO THE SAME SYRIAN SOURCE, CONFIDENTIAL

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PRESIDENT ASAD IS "EXTREMELY UPSET" THAT THE PURCHASE COMMITTEE

HAS NOT BEEN ABLE TO REPORT FAVORABLY ON THE TRISTAR BECAUSE THE PRESIDENT ESTABLISHED THE COMMITTEE FOR THE EXPRESS PURPOSE OF PROVIDING RATIONALE TO BUY AMERICAN. GEORGE LOMBARD COMMENTED THAT THE REASON THE COMMITTEE HAS NOT BEEN ABLE TO COME UP WITH A FAVORABLE RECOMMENDATION IS THAT GENERAL MOKAYED, CHAORMAN OF SYRIAN ARAB AIRLINES, AND CHAIRMAN OF THE PURCHASE COMMITTEE HAS NOT BEEN PROVIDING THE OTHER COMMITTEE MEMBERS WITH CORRECT INFORMATION ABOUT THE COMPARATIVE OPERATION AND MAINTENANCE COSTS OF THE TWO PLANES AND THEREFORE THE OTHER NON-EXPERT MEMBERS OF THE COMMITTEE (GENERALS JAMIL AND SHIHABI AND COLONEL KHOULI) ARE NOT IN A POSITION TO JUDGE FAIRLY BETWEEN THE AIRBUS AND THE TRISTAR. LOMBARD CONTINUED THAT THE LOCKHEED SYRIAN REPRESENTATIVE ALSO BELIEVES THAT IN VIEW OF PERSISTNET "FRENCH POLITICAL INTERVENTION" AT HIGH SYRIAN GOVERNMENT LEVELS, ONLY A SIMILAR USG INTERVENTION ON BEHALF OF LOCKHEED WILL ENABLE PRESIDENT ASAD TO MAKE A FAVORABLE DECISION ON BEHALF OF LOCKHEED. IN THIS REGARD LOMBARD NOTED THAT THE BRITISH AMBASSADOR HAS ALREADY EXPRESSED TO THE SYRIANS FOREIGN MINISTRY OFFICIAL BRITISH GOVERNMENT SUPPORT FOR LOCKHEED IN VIEW OF THE ROOLS-ROYCE ENGINES WHICH THE TRISTAR EMPLOYS. HE PRESSED ME AS HE HAS IN THE PAST TO OBTAIN WASHINGTON(S APPROVAL FOR AN "OFFICAL AMERICAN" INTERVENTION WITH THE SYRIAN GOVERNMENT THROUGH THE FOREIGN MINISTRY.

3. I INFORMED LOMBARD THAT BASED ON VERY RELIABLE SOURCES (DAMASCUS 1310 AND 1360), IT APPEARS THAT (A) THERE IS A POLITICAL PREDISPOSITION ON THE PART OF THE SYRIAN GOVERNMENT TOWARD AMERICAN COMPANIES BUT THAT (B) POLITICAL FACTORS WILL NOT PLAY A MAJOR ROLE IN ARRIVING AT A FINAL DECISION WHICH WILL APPARENTLY BE MADE STRICTLY ON ECONOMIC GROUNDS. I ALSO INFORMED LOMBARD THAT I HAD BEEN GIVING GENERAL SHIHABI THE DATA WHICH LOCKHEED HAS BEEN PROVIDING ME IN ORDER TO COUNTERACT GENERAL MOKAYED' ALLEGED MISREPRESENTATION OF MAINTENEANCE COSTS. AS FAR AS AN OFFICAL USG INTERVENTION WAS CONCERNED, I TOLD LOMBARD THAT IN VIEW OF THE FACT WE HAD BEEN GETTING SUCH HIGH LEVEL SYRIAN ASSURANCE THAT POLITICAL CONSIDERATIONS ARE APPARENTLY NOT IMPORTANT, I THOUGHT THAT A HIGH LEVEL USG POLITICAL INTERVENTION AT THIS TIME MIGHT BE COUNTERPRODUCTIVE. I ADVISED HIM THAT CONTINUED

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EFFORTS ON OUR PART AT THE WORKING LEVELS IS IN FACT THE BETTER COURSE. AS A FURTHER INDICATION OF MY DESIRE AND WILLINGESS TO BE HELPFUL, I TOLD HIM THAT I WOULD CALL LETER SAME DAY ON HOMOUD SHOUIFI, DORECTOR OF DEPARTMENT OF AMERICAN AFFAIRS AT THE FOREIGN MINISTRY, TO TELL HIM THAT THE AMERICAN EMBASSY IS FOLLOWING THIS MATTER CLOSELY AND ASK THAT HE CONVEY THIS STRING EMBASSY INTEREST TO APPROPRIATE LEVELS IN THE SYRIAN GOVERNMENT. LOMBARD SEEMED PLEASED BY THIS

OFFER AND SAID THAT HE THOUGHT IT WOULD BE OF HELP BUT AT THE SAME TIME HE ASKED ME IF I HAD ANY OBJECTIONS IF LOCKHEED TRIED IN WASHINGTON TO OBTAIN FURTHER OFFICAL POLITICAL SUPPORT FOR LOCKHEED. I TOLD HIM I HAD NO SUCH OBJECTIONS BUT MADE A PERSONAL OBSERVATION THAT I DOUBTED THAT THE DEPARTMENT WOULD WISH TO INVOLVE THE SECRETARY IN THIS MATTER AT THIS PARTICULAR TIME IN VIEW OF THE STILL FRAGILE POLITICAL RELATIONS EXISTING BETWEEN THE USG AND SYRIA. LOMBARD SAID HE APPRECIATED THAT OTHER "MORE IMPORTANT" ASPECTS OF US-SYRIAN RELATIONS MIGHT WELL AFFECT THE DEPARTMENT'S DECISION TO MAKE AN OFFICIAL REPRESENTATION ON BEHALF OF LOCKHEED.

3. I HAVE SUBSEQUENTLY SEEN SHOEFI THIS MORNING AND MADE MY PRESENTATION INDICATING STRONG EMBASSY INTEREST IN ASSURING LOCKHEED A FAIR OPPORTUNITY TO MAKE ITS SALES PITCH TO SYRIAN AIRLINES. I ALSO PROVIDED SHOEFI WITH INFORMATION ON MAINTENCE COSTS WHICH LOMBARD HAS GIVEN ME. SHOEFI SAID HE WOULD CONVEY THIS "EMBASSY INTEREST" TO HIS SUPERIORS.

4. COMMENT: AT THIS PARTICULAR STAGE I FRANKLY DO NOT SEE THAT THERE IS MUCH MORE THAT WE CAN OR SHOULD DO. ON MONDAY AS I REPORTED IN DAMASCUS 1396 THE BRITISH AMBASSADOR AND I WILL SEE WHAT CAN BE ACHIEVED BY WORKING THROUGH MAHDI TAJER THE ABU DHABI FINANCE ADVISER AND I WILL REPORT THE RESULTS OF THIS EFFORTS SOONEST.
SCOTES

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